



Chapter Fifteen

AUDITS

BUREAU OF LOCAL ROADS AND STREETS MANUAL

BUREAU OF LOCAL ROADS & STREETS

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15-1 MFT AUDITING

The MFT account of each local agency is periodically audited by an MFT auditor of the IDOT District Office. Audits are prepared primarily as cash receipt and disbursement audits of the local agency's MFT fund. However, the audit is also made to discover any improper or unapproved uses or expenditures not in accordance with Illinois Statutes. The local agency, therefore, should be familiar with the various IDOT policies, procedures, and instructions that have been set forth in this *Manual*.

15-1.01 Record of Receipts and Disbursements

The local agency should use a ledger as a master record to show monthly receipts of MFT funds and credits and authorizations of expenditures to individual section accounts. It also should be used as an individual accounting record for each authorized expenditure of MFT funds. The BLRS has developed an MFT computer database that may be used by the local agency for these purposes. This database can be downloaded from the IDOT website.

A complete record of the receipts and disbursements of MFT funds must be kept by the local agency. Local agency officials should retain the following supporting information:

- all cancelled checks and monthly bank statements,
- records of investment of MFT funds,
- all necessary data to support payment for labor and equipment rental,
- vendor's invoices,
- payment estimates, and
- all other claims to support expenditures from this fund.

The local agency shall preserve all claims, warrants, records, and resolutions pertaining to the receipt and disbursement of MFT funds for review by the auditor. Records should be retained using the following procedures:

1. Authorization and Credits. The local agency is given the authorization by IDOT for the use of funds for the various projects. A credit is issued for surplus funds to the unobligated account. A computer printout that contains information on the month's starting unobligated balance, allotment for the month, credits and authorizations, and ending balance for the month, as well as noting the authorizations discussed below is

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sent monthly to the local agency. An annual summary of all the local agency transactions, grouped by districts, is available to the auditors.

2. Deposits. The MFT funds received by the local agency from the State are recorded and deposited into a bank account. All receipts must be deposited into this fund. No warrants received from the State are to be endorsed and turned over to a contractor or anyone else. There may be instances when other funds are erroneously deposited into the MFT fund. In these cases, the auditor will report this in the auditor's comments. Other funds may be deposited into this account as long as accounting procedures provide for keeping a separate balance for the MFT funds and any interest earned on those funds.
3. Disbursements. MFT disbursements are evidenced by a series of claims and warrants. Each claim is sequentially numbered. Also, identify the project or projects on the claim by the MFT section number to which it is charged.
4. Reimbursements. When MFT funds are expended for construction or maintenance work and then reimbursed by property owners, corporate fund, State or Federal funds, or any other source, the reimbursement is credited to the MFT section account from which the payment was made. Likewise, any payments not eligible for MFT participation are reimbursed to the account from which they were paid.

When a local agency uses MFT funds to reimburse a corporate account for labor and/or equipment expenses, maintain adequate records to substantiate the charges. For labor, base the accounting system on daily time records and identify the type of work involved on the daily time records along with the wage rates and hours. For equipment rental, show items of equipment, the hourly rates and numbers of hours used for each piece of equipment. Likewise, identify the labor rates and hours. The total costs accumulated from these daily records are transferred to payment bills and ultimately to the financial statement or the maintenance expenditure statement (i.e., Form BLR 14310 or Form BLR 14320). Ensure the daily time records are available to IDOT's auditor for verification of charges. The practice of assigning a percentage of the public works or highway department payroll as an MFT expense is not an acceptable method of documentation.

5. Obligated Funds. MFT funds that are authorized to a local agency for a specific purpose are not to be transferred and used for any other purpose. Surplus funds must be returned to the unobligated MFT account.
6. Materials or Equipment Claims. Claims for materials or equipment in connection with day labor construction or maintenance are fully itemized. If the claim involves material purchased that is incorporated directly into a MFT project, attach a copy of the vendor's invoice to the claim. For payments to contractors for contract construction or maintenance, attach a copy of the engineer's payment estimate to each claim.
7. Payments to Other Local Agencies. Payments from MFT funds to another local agency fund for reimbursement are made in the same manner as any other payment. A claim

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showing the date, project or section, the class of labor, and the rate of pay must be filed. A warrant is then drawn against the MFT fund in favor of the fund that is being reimbursed. It is not necessary that individual claims for each employee be filed, but a separate claim should be filed for each project or section. If desired, all employees working on that project/section during the period covered by the claim may be shown on one claim and reimbursement made by one warrant.

8. Payroll Records. For payment of MFT-eligible personnel in connection with day labor construction or maintenance, a properly documented payroll supported by daily time records will constitute a claim. Payment is made by a separate warrant for each individual shown on the payroll, except where a payroll clearing account is in use. When the compensation is on an hourly, daily, or monthly basis, the local agency may pay the employee from the local agency fund from which the employee is regularly paid. The local agency fund may be reimbursed from the MFT fund for the time spent on the MFT job. The local agency must keep complete records of the dates and times MFT employees are engaged on MFT work and the particular projects or sections. Reimbursements in this manner from MFT funds should be made promptly and periodically. See Section 4-3 for MFT eligibility for salaries and expenses.
9. Signatures for Claims. Each claim should be signed by the party filing it.

15-1.02 No Disbursement – No Audits

A regular receipt and disbursement audit is not necessary for any calendar year in which a local agency receives MFT funds but makes no disbursements. In this case, the auditor will prepare a memorandum addressed to the Regional Engineer stating that no disbursements were made by the local agency during the indicated time frame; therefore, no MFT audit is necessary.

The auditor will include in the memorandum:

- the allotments and other funds, including interest received by the local agency;
- the previous audit balance;
- the total MFT funds invested or on deposit at the bank at the end of the calendar year; and
- Form BLR-9004 "Certification of Bank Balance for the Year" or similar supporting documentation.

The period covered by this type of memo is always included in the regular receipt and disbursement audit of the first year following the local agency's disbursement.

15-1.03 Request for Records

When scheduling an audit, the auditor should contact the local agency and request that the following records be made available:

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- MFT fund ledger and/or account book;
- claim register, if any;
- cancelled checks and monthly bank statements;
- paid invoices, bills, vouchers, etc.;
- payroll and equipment usage records where day labor jobs are involved;
- section files including resolutions, contract and material awards, final reports, and maintenance expenditure statements;
- minutes of board or city council meetings, where necessary;
- any other information relative to the time frame being audited (e.g., CDs, passbooks, money market statements); and
- documentation to support expenditures of MFT funds.

15-1.04 Detail of Disbursements

For most small municipalities, the auditor may find it convenient to review all disbursements. For a large local agency or in counties or road districts, the auditor may use the sampling technique.

15-1.05 Review of Warrants

The auditor will determine if claims issued against the MFT fund have been approved by the local agency prior to issuance of the warrant. Cancelled warrants will also be examined for proper warrant date, number, payee, and amount and then compared to the monthly bank statements and the local agency's MFT fund ledger. Paid invoices, local agency bills, vouchers, and any other necessary data are also examined. The extensions and amounts are compared with the amount disbursed.

The local agency officials will be asked to explain any disbursements questioned by the auditor or any discrepancies found. The audit report will address these items with appropriate comments, explaining the particular facts found and what action, if any, will be taken.

15-1.06 Contract Work

On contract jobs, the auditor will check each payment against the Engineer's Payment Estimate, Form BLR 13230. The auditor will check to see that the Engineer's Final Payment Estimate, Form BLR 13231, has been approved prior to final payment to the contractor.

15-1.07 Day Labor

Items of labor, material, equipment usage, and miscellaneous, whether they apply to a construction account or a maintenance account, must be examined and checked as follows:

1. Labor. MFT fund for labor expenses may be paid in the following manner:
 - a. Direct Payment. When the local agency pays the employee directly from the MFT fund, the local agency must keep adequate records of employment on the MFT funded job by the employee (e.g., hours, dates). Payment is made by a MFT warrant payable directly to the employee. See Chapter 9 for guidance on payment of labor with MFT funds.
 - b. Local Funds. When the local agency pays the employee from the local agency fund from which the employee is regularly paid, the local agency fund may be reimbursed by an MFT warrant payable directly to the local agency fund. The local agency must keep adequate records on which the employee is engaged in MFT work (e.g., hours, dates, sections). Payment from the MFT fund to another local agency fund for reimbursement of the above is made periodically, preferably each month, and must be made the same as any other MFT payment. It is not necessary to have individual claims for each employee for a section. All employees working on a particular section during the period covered by the claim may be covered by one warrant.
2. Materials. Payment for materials purchased directly with MFT funds should be substantiated by the vendor's invoice, which should be checked for proper unit prices, extensions, and totals. Materials taken from local agency stock cannot be charged at more than cost. Accurate records must be kept of the quantities and dates used.
3. Equipment Usage. When a local agency desires to claim MFT funds for the use of its own equipment for MFT work, the hourly rate claimed for each piece of equipment it desires to use cannot exceed the rate provided by IDOT's *Schedule of Average Annual Equipment Ownership Expense*. Adequate records must be kept by the local agency (e.g., hours, dates, equipment, section number).

15-1.08 Miscellaneous Receipts and Disbursements

Occasionally, the auditor will encounter situations that vary from the routine audit. In these cases, the auditor will set up the necessary accounts to record the receipts and disbursements of the particular account. The auditor will also make the necessary remarks in the auditor's comments to address the situation. Some of these situations are discussed in the following subsections.

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When these types of funds are reimbursed to the MFT fund, they are identified in the annual audit report under the auditor's comments as "other receipts." The section number, source, purpose, and amount must be shown.

15-1.08(a) Authorizing Disbursements and Crediting Reimbursement for a Specific Section in the MFT Main Frame Data Base

The following will apply:

1. Active or Open Sections. The authorization or reimbursement is credited to the section account as identified in the audit.
2. Closed Sections (In Database). If the section is closed, it is reopened to include the disbursement or receipt, as indicated by the auditor, including comments (e.g., source, purpose). Once this action is completed, the section must be closed again.
3. Closed Sections (Purged from Database). If the section is closed and purged from the database, the disbursement or receipt of funds is assigned to the same section designation as the original improvement, except that the section type will be changed to an "AC" for credit and "AA" for authorization (86-00120-00-CH to 86-00120-00-AC or 86-00120-00-AA). Identify the source and purpose.

15-1.08(b) Authorizing Disbursements and Crediting Reimbursement Not Identified by a Section

Any other reimbursement that cannot be assigned to an existing section must be identified with a section designation as (year of audit report)-00000-01-AC or disbursement use (year of audit report) -00000-01-AA. For road districts, the first two characters of the agency sequence would be the road district code. Identify the source and purpose of the reimbursement or disbursement plus the audit report number.

15-1.08(c) Crediting Earned Interest

The Attorney General of the State of Illinois has set forth a ruling that, in general, states that interest must follow the fund. Any earned interest on the investment of the local agency's idle MFT funds must be accounted for by the auditor. Upon receipt, these funds must be deposited in the local agency's bank account and credited to the "Unobligated Account."

The accounting of monies earned on the MFT fund investment is reviewed by the auditor during the course of the regular annual MFT fund audit made on the local agency.

Any earned interest (and only earned interest) entering a local agency's fund must be assigned a proper section designation, (year of audit)-00000-00-AC. For road districts, the first two

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characters of the agency sequence would be the road district code. Identify each annual total of earned interest and the audit reports number.

15-1.08(d) Crediting Surplus Parking Revenue Funds

When a municipality has used MFT funds to construct a revenue-producing facility, its parking revenue account must be made available to IDOT for audit purposes. A section number to track this revenue must be assigned as follows:

1. Separate Accounts. When a local agency chooses to maintain accounts for each parking facility constructed, the construction section must be closed and the final MFT participation is determined. To account for revenues, new MFT sections must be established as in the following example:

Revenue reimbursements for a parking lot built as section 79-00076-00-PK is accounted for by using section 79-P0076-00-AC. The original MFT participation in the project is entered in the database as "the amount appropriated." The receipts are credited to the Unobligated Account annually, and the total credited accumulation is maintained in the far-right column on Form BLR-9006. Once the amount appropriated has been achieved, the section is closed.

2. Single Account. When the local agency has several revenue-producing parking facilities and maintains only one parking revenue account, the original construction sections are closed and the total MFT participation in all projects is determined.

The new section number is established as (year of 1st reimbursement)-P0000-00-AC. The total participation in all sections must be entered into the database as the amount appropriated. If additional parking projects are built, the MFT participation for those lots is added to the appropriation amount. Annual credits for parking receipts are treated as separate accounts.

15-2 TOWNSHIP BRIDGE PROGRAM AUDITS

The Township Bridge Program (TBP) account of each county is audited periodically by the MFT auditor of the IDOT District Office. This audit usually takes place at the same time as the MFT audit.

15-2.01 Record of Receipts and Disbursements

The county shall preserve all claims, warrants, records, and resolutions pertaining to the receipt and disbursement of Township Bridge Program funds for review by the auditor. Warrants shall be deposited in a separate account to facilitate an efficient accounting during audit.

The county must use a ledger to show receipts of TBP funds and expenditures from individual section accounts. The BLRS has developed a TBP computer database that can be downloaded from the IDOT website.

A complete record of receipts and disbursements of TBP funds must be kept by a local agency similar to what is required for MFT funds; see Section 15-1.01. Procedures similar to those for MFT should be used. In addition, the TBP funds received by the county from the State are recorded and deposited into a bank account that will identify TBP funds and interest earned on these funds separately from other funds. Disbursements are made from the account when pay estimates are received from the contractor, or invoices from consultants are received for preliminary or construction engineering. Funds not needed for a project for which they were obligated must remain in the account until applied to a future project.

15-2.02 Request for Records

When scheduling an audit, the auditor should contact the local agency and request that records similar to those listed in Section 15-1.03 be made available.

15-2.03 Auditor's Review

The auditor will review all receipts to and disbursements from the TBP account similar to the review of MFT funds discussed in Section 15-1. The auditor will ensure that any funds paid to a county by the State for a TBP project but not needed to complete the project remain in the TBP account to be used on future projects and that interest earned on the TBP account is credited to the account. To balance completed projects, the auditor will record any credits to or debits from the unobligated balance in the audit report. The auditor will also check to ensure that for each \$4 of TBP funds paid, at least \$1 is paid from local funds.

15-3 GENERAL OBLIGATION BOND AUDITS

Whenever MFT funds are used for the retirement of bonds by the local agency, it is necessary for IDOT to audit the local agency's books. The purpose is to determine the existence and amount of indebtedness that is eligible for MFT participation.

15-3.01 Records

Subsequent to passage of the referendum, two certified copies of the bond ordinance and the Resolution of Intent to retire the indebtedness with MFT funds must be submitted to IDOT.

For road districts, two copies of a register of all issues of these bonds must be submitted to IDOT (605 ILCS5/6-510).

As soon as the bonds have been sold, the proceeds must be deposited in a bond account(s), not the MFT account, by the local agency's treasurer. Two forms should be completed by the clerk and submitted to the appropriate district. These forms are:

1. Description, Ordinance, and Bond Issue:

- Use Form BLR 15310 if the bond issue is a general improvement bond issue.
- Use Form BLR 15312 if the bond issue is a refunding or refinancing bond issue.

2. Schedule of Tax Levies and Retirement Schedule:

- Use Form BLR 15311 for a general improvement bond issue.
- Use Form BLR 15313 if it is a refunding or refinancing bond issue.

15-3.02 Audit of Accounts

When it is anticipated that a bond issue will be repaid with MFT funds, whether wholly or in part, IDOT is required to audit the bond issue accounts.

When the local agency receives the proceeds from the bond (BLR 15310) and retirement schedule form (BLR 15311), they need to be submitted to the district. The district will schedule an initial audit at this time. The final audit is conducted upon completion and final acceptance of the project.

When IDOT has approved the Engineer's Final Payment Estimate (Form BLR 13231) and all other bills for the project have been paid, the agency will complete the Final Report – Notice of Completion and Acceptance (Form BLR 13510). The Final Report will contain a detailed summary of all costs associated with the project and an indication of whether these costs were paid from the bond fund or from another source. After receiving the Final Report (Form BLR

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13510), IDOT will perform the final audit. Any project costs that are not eligible for MFT participation will be determined during the final audit, and the MFT-eligible portion of the repayment schedule will be established.

If the bond issue to be repaid with MFT funds is a refunding or refinancing bond issue, the initial audit and the final audit are the same.

15-3.03 Cancellation of Tax Levy

When the bond requires the cancellation of a tax levy, the local agency must submit to the district BLR 15314 certified by the county clerk. Where the tax levy is only partially cancelled, MFT funds may be approved for payment of only that portion of the obligation for which taxes have not been extended. BLR Form 15314 is completed, signed, and dated by the county clerk. The form should contain sufficient information to enable the auditor to identify the particular bond issue involved.

The certification of the county clerk concerning the cancellation of the tax levy year must be in agreement with the resolution adopted by the local agency requesting the cancellation.

15-3.04 Auditor's Review of Local Agency Records

The auditor will request the various local agency records relative to the bond issue. A copy or photostat of the bond ordinance should be included in the auditor's report.

During the course of preparing the audit report, the auditor may need to examine the following local agency records:

- minutes of the agency's meetings;
- special election data;
- local agency legal and construction files;
- local agency documents kept by the treasurer (e.g., bills, invoices, bank statements);
- bond ordinance;
- MFT fund; and
- other local agency funds.

15-3.05 Audits for Costs Over and Above the Amount of the Bond Issue

Typically, this type of audit arises when the local agency finds that the proceeds received, from the sale of the bonds and the earned interest, are insufficient to cover all costs on the section

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being improved. The local agency requests the use of MFT funds to cover the costs over and above the amount of the bond issue. An audit is requested to determine the actual MFT funds necessary to complete final payment of all costs on the section.

This is essentially a final audit. The auditor accounts for all monies received from the sale of the bonds, earned interest, and any MFT funds that may have already been authorized to the local agency. The auditor takes into consideration all outstanding bills necessary to complete final payment of all costs on the section applicable to MFT funds.

15-3.06 Miscellaneous Information Regarding Bond Audits

A copy of the local agency resolution should be given to the auditor. This resolution may contain the pertinent data relative to the issuance of the bonds and certain options for bond retirement that the local agency may exercise. Whenever this occurs, the auditor must cover the options in the audit comments and prepare any appropriate schedules as needed.

Whenever there is a partial abatement (cancellation) of taxes, the Cancellation of the Tax Levy Certificate – Form BLR 15314, which is obtained from the county clerk, should show the actual amount of taxes that have been abated or cancelled. The amount shown as being extended and the amount shown as being cancelled should equal the tax levy for that particular year.

When a local agency sells a portion of the authorized bond issue and then finds it necessary to sell any or all of the remaining unissued bonds, the auditor prepares a supplementary bond audit. For this supplementary sale of bonds, the auditor prepares a regular bond audit following the general procedure already outlined. The auditor accounts for only the proceeds from the sale of the supplementary sale of bonds. This is necessary because the issuance dates usually differ from that of the original partial offering, which affects the amount of accrued interest received by the local agency. The auditor must obtain a copy of the supplementary ordinance for inclusion in the audit report.

The local agency will need to complete BLR 15411 (Obligation Retirement Resolution) for repayments of bond and interest from the MFT account. The authorization and payments will show in the regular MFT audit.

15-4 SPECIAL ASSESSMENT AUDITS**15-4.01 General**

When the local agency desires to retire the public benefit portion of a Special Assessment Project, IDOT must conduct an audit to determine that the work was eligible for the use of MFT funds and that the amount of MFT funds used did not exceed the public benefit portion.

15-4.02 Required Data for Audits

Local agencies are required to furnish the district with the following:

1. Preliminary Court Information (Form BLR 15410). The local agency must submit Form BLR 15410 (i.e., description, court, legal and financial data). In addition, it is required that the following be completed:
 - information regarding the court approval of the special assessment, both public and private;
 - the local agency's estimate used to determine the assessment; and
 - the date of the first voucher, if issued.
2. Schedule of Installments (Form BLR 14210). On Form BLR 14210, the local agency must indicate the due dates, installment numbers, principal due, interest due, and the total amount of each installment.
3. Obligation Retirement Resolution (Form BLR 15411). This form is a formal request by the local agency to use MFT funds for a particular debt. A description of the debt must be shown in sufficient detail to identify the public benefit assessment and the individual payment due. The form is officially signed and dated by the local agency clerk.

15-4.03 Audit Procedure

When final papers are submitted by the local agency, the district initiates an audit. The auditor should request that the various local agency records, relative to the special assessment, be made available for examination. The auditor reviews Form BLR 15410, which is submitted by the local agency, by examining the Circuit Clerk's files. The auditor should secure all court, legal, and financial data relative to the special assessment.

The auditor reviews the following information on the assessment roll confirmed by the court:

- the total public and the total private assessments,
- the number of installments,

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- amount of each installment,
- the breakdown between public and private assessments in each installment, and
- the assessment roll portion that covers the costs paid in the form of special assessments against private property owners and the local agency as public benefits.

After securing all the necessary information from the Circuit Clerk's files, the auditor will review the district files and compare the information secured from the Circuit Clerk's file against the information originally submitted by the local agency. Any differences will be noted. The auditor will also request an explanation from the local agency regarding any differences. This is necessary because, prior to the audit, any MFT funds already authorized for payment of obligations as part of this special assessment have been based on information furnished by the local agency. If the assessments exceed the final cost, IDOT will prorate the excess public benefit assessment over the remaining installments or deduct it from the final installments, whichever the local agency requests. If all installments are paid, a refund to the MFT account for the excess amount is required.

The final audit should contain schedules listing all vouchers and/or bonds issued for payment of construction, engineering, legal, and court costs. These costs are considered the total actual costs of the improvement. These costs do not include any amount shown in the Statement of Financial Cost as "amount estimated to pay accruing interest on bonds and/or vouchers."

The total of the above items is the "total actual cost" as shown in the Statement of Final Cost. This total should agree with the "total assessment" as shown on the assessment roll as confirmed by the court. Any differences should be noted by the appropriate comments.

After securing all relative information and after the finances have been balanced, the auditor prepares his comments.

15-4.04 Audits Regarding Costs Over and Above the Amount of the Special Assessment

Typically, this type of audit arises when the local agency underestimates the actual cost of the improvement and finds that collections on the special assessment are insufficient to pay the vouchers and/or bonds issued. The local agency requests authorization for MFT funds to cover the costs over and above the amount of the special assessment. An audit is requested to determine the actual amount of MFT funds needed by the local agency.

This is essentially a final audit. The audit accounts for the total actual cost as compared to the total assessment to provide the actual amount of MFT funds needed by the local agency to pay any costs over and above the amount of the special assessment.

15-5 POST AUDIT PROCEDURES**15-5.01 Audit Approval by the District**

When the MFT audit of the local agency has been completed, the draft copy along with pertinent findings, comments, and/or recommendations are given to the District Local Roads Engineer (DLRE) for review, resolution, and approval. Upon receipt, the DLRE reviews the audit and the comments with respect to the following:

- audit completeness and consistency with established MFT format;
- agreement with maintenance expenditure statement or Notice of Completion (Form BLR 13510), as appropriate;
- need for a local agency credit or authorization (AC or AA Section);
- compliance with IDOT policy and State Statutes;
- validity of citations and noted irregularities; and
- the satisfactory disposition of all findings.

15-5.02 Potential Criminal Action

If the audit findings have the potential for criminal action, Central BLRS must be notified immediately. The matter is referred to IDOT's Office of Chief Counsel for further review.

15-5.03 Disposition of Irregularities

If there are irregularities and/or issues to be resolved that require the cooperation of the local agency, the DLRE (or appropriate Local Roads field engineer) must contact the appropriate local official and relate the audit issues to be resolved. Within one week of this initial contact, the DLRE must document the discussion with written correspondence to the appropriate local official and reiterate the actions required to resolve the issue(s). The DLRE should then approve the audit and release it for further processing. Written documentation to the appropriate local official may not be required if the necessary measures were taken immediately and do not require council or board action by the local agency.

The following presents the calendar day schedule for unresolved issues:

1. 60 Days. Once written documentation is sent and 60-calendar days pass and neither corrective action nor a positive response has been received by the local agency, the DLRE must notify the local agency in writing. The DLRE must restate the previous findings and IDOT's position.
2. 90 Days. If another 30 calendar days pass and IDOT does not receive written notification from the local agency either in the form of documented corrective measures or a written response of intent, the DLRE must again contact the local agency by phone

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and follow up with written documentation. At this time, DLRE should request a meeting with the appropriate local official to offer assistance in overcoming any disagreement or misunderstanding surrounding the issues.

3. 120 Days. If the request for a meeting is rebuffed and 30 more calendar days pass without local agency action or response, the DLRE must notify the local agency in writing that, effective immediately, approval of all MFT work will be withheld until all pending issues have been resolved in a manner satisfactory to IDOT.
4. 150 Days. If IDOT still does not receive written notification of local agency action and response within 30 more calendar days, the DLRE must again notify the local agency in writing. The letter will state that unless all pending issues are immediately resolved in a manner satisfactory to IDOT, the Regional Engineer will recommend to the Director of Highways that further payment of MFT funds be withheld in accordance with 605 ILCS 5/5 - 702, 5/6 - 702, or 5/7-204, as appropriate.
5. 180 Days. If 30 more calendar days pass totaling 180 days without local agency action or written response, and all negotiation attempts by IDOT have been rebuffed, the Central BLRS must notify the appropriate local official by registered mail. No further payment of MFT funds will be made as noted above until all issues are resolved. The Central BLRS must coordinate this action with the Office of the Comptroller. The local agency must be notified each month that MFT payments will be resumed only when all MFT expenditures have been accounted for in a manner satisfactory to IDOT.

The DLRE shall maintain a comprehensive listing of unresolved local agency audit issues which will allow close adherence to the above procedure. The district shall advise the Central BLRS when deemed appropriate.

15-5.04 Distribution

If no irregularities or issues have been identified in the audit, the DLRE approves the audit and releases it. The district retains IDOT's copy of all audits. A copy of the audit is sent to the local agency.